

Project No. _____
Hadley No. _____
P.M. No. HMO _____

PROJECT AGREEMENT

To: Randi Nathanson
The Hadley Group, Inc.
375 Hudson Street
New York, New York 10014

From: Rose Falzone
Philip Morris Incorporated
120 Park Avenue
New York, New York 10017

Dear Randi:

This Project Agreement dated as of the 25th day of May, 1995 is entered into pursuant to the Agreement dated as of the 1st day of October, 1992 ("Agreement") by and between Comart, a division of Comart KLP, Inc. ("Comart") and Philip Morris Incorporated ("Philip Morris"), which Agreement was assigned by Comart to The Hadley Group, Inc. ("Hadley") as of March 1, 1994 and which assignment was consented to by Philip Morris by letter dated April 11, 1994. It sets forth the terms and conditions under which Hadley will perform services for Philip Morris.

I. Hadley will perform the following services and the services set forth in Paragraph 1 of the Agreement in connection with the **PARLIAMENT October Premium Direct Mail Contest** (the "Contest"). The direct mail, advertising and point of sale materials to be utilized will be supplied by Philip Morris. All aspects and other materials to be utilized in connection with the Contest must be approved in advance by Philip Morris.

- (a) Provide general consulting services in connection with the Contest and provide advice on Contest mechanics.
- (b) Assist in preparing Contest rules, affidavits of eligibility, liability/publicity releases, a congratulatory letter and other materials required for the administration of the Contest.
- (c) Establish readily accessible mechanisms, including those required by state law, by which prospective entrants may obtain requests for official entry forms, rules and related materials (collectively, "Contest Materials") free of charge.
- (d) Fulfill in a timely manner all requests for Contest Materials.

2045870253

- (e) On or before April 1, 1995, make all arrangements necessary to fulfill the following prize in connection with the Contest:

Grand Prize - To consist of:

One Week (seven day and six night) Trip For Two to one of the following locations, to be selected by the entrant:

Greek Islands
Hawaii
Tahiti
Virgin Islands

The Grand Prize will consist of round trip, first class air transportation from the major airport located nearest to the Winner, deluxe hotel accommodations, ground transfers to and from hotel and airport and a meal allowance. All aspects of the Grand Prize are subject to the advance, written approval of Philip Morris. The total cost of the Grand Prize will not exceed \$10,000.

- (f) Rent and designate three post office boxes during the period October 15, 1994 through April 15, 1995 for the receipt of Official Entry Form Requests, Official Entries and Winner List Requests. The box for Winner List Requests will be rented and remain open through October 15, 1995.
- (g) Submit to Philip Morris weekly and final reports of the number of entries received in each post office box.
- (h) Develop a specific set of criteria against which the quality of all entrants can be judged and deliver a written list of the criteria to Philip Morris on or before July 22, 1994.
- (i) Develop, in consultation with Philip Morris, a mechanism by which entrants can be fairly and impartially judged against selection criteria.
- (j) Award and distribute the Grand Prize as and when directed by the official rules of the Contest and Philip Morris.
- (k) Conduct background checks to verify that the prize winner (the "Winner") is an eligible contestant, has submitted signed certifications on the entry form of age and smoker status, has submitted the correct number of purchase proofs, if so required, and has otherwise complied with the Contest rules.
- (l) Supply the Winner with a personalized one page congratulatory letter approved in advance by Philip Morris and obtain affidavits and releases from the Winner as required by the rules of the Contest. Deliver to Philip Morris a certified

2045870254

document containing the name of the Winner together with copies of the Form 1099 that Hadley will deliver to the Internal Revenue Service.

- (m) Ensure that the Contest is conducted and Grand Prize awarded in full compliance with applicable laws, regulations and ordinances.
- (n) Respond to inquiries and complaints concerning the administration of the Contest in accordance with instructions to be provided by Philip Morris and deliver weekly "white mail" reports if and when requested by, and in a form satisfactory to, Philip Morris.
- (o) Respond promptly to inquiries concerning the distribution of the Grand Prize.
- (p) Receive, store and computer key all Contest entries received, including duplicate entries, entries with insufficient proofs-of-purchase or incorrect essay length, and maintain the entries in a secure manner and location. Unless otherwise directed by Philip Morris, store the winning entry for six months following the close of the Contest and all other entries for two months following the close of the Contest. Upon the expiration of the entry storage periods, Hadley will, in accordance with the instructions provided by Philip Morris, destroy or deliver the entries to locations designated by Philip Morris.
- (q) Ensure that all necessary state registrations and filings in connection with the Contest and the Grand Prize are promptly effectuated and secure releases of escrow accounts or surety bonds from states where required.
- (r) Submit to Philip Morris a final report on the notification of the Winner, with copies of signed affidavits and the letter of notification.

Hadley will be available to meet at reasonable times with Philip Morris representatives at Philip Morris headquarters in New York or other locations designated by Philip Morris and will perform in a professional manner throughout the term of the Agreement.

2. In consideration for the services rendered and expenses incurred hereunder, Philip Morris will pay Hadley in accordance with the Budget attached as Exhibit A. Hadley will submit itemized invoices for services rendered. Total payments to Hadley for services rendered and expenses incurred will not exceed \$25,000 without the advance written approval of Philip Morris. Philip Morris will pay Hadley in accordance with the provisions of Paragraph 2 of the Agreement.

3. The Project Agreement commenced as of June 22, 1994 and will continue until the later of December 31, 1995 or completion of the Project.

4. The Project Agreement may be amended only by a Project Change Notice signed by both parties.

2045870255

5. The Project Agreement is subject to the terms and conditions of the Agreement. In the event of conflict between the provisions, the Agreement will prevail.

6. This Project Agreement is the complete Project Agreement between the parties and supersedes any prior oral or written Project Agreement concerning the PARLIAMENT October Premium Direct Mail Contest.

If the foregoing accurately sets forth our Agreement, please signify your acceptance and agreement by signing the enclosed copy of this Project Agreement and returning it to the undersigned.

Very truly yours,

Enn

PHILIP MORRIS INCORPORATED

By: *SAH/Kan*

Title: *Vice President*

ACCEPTED AND AGREED AS OF THE
DATE OF THIS PROJECT AGREEMENT:

THE HADLEY GROUP, INC.

By: _____

Title: _____

2045870256